

Southeastern Region Financial Managers Meeting



DHS's Single Audit Section

DCF's Grants & Contracts Section

- Establish grants and contracts administration and audit policy for DHS & DCF funding
- Collect, review, and act on audit reports
- Provide training and technical assistance to agencies and their auditors

Today's Topics

- Key guidance and policies related to audits and contracts administration
- New resources
- DCF changes/differences from DHS
- Audits
- Audit waivers
- Upcoming revisions/resources/changes

Key Guidance

- Financial Management Manual (FMM)
- Allowable Cost Policy Manual (ACPM)
- Reviewing and Resolving Audits
- PAAG/SSAG and SSAG Appendix
- DCF is in the process of developing its own guidance. Use DHS manuals until DCF-specific guidance is released.

Financial Management Manual

- Referenced in State/County Contract
- Outlines basic business practices for administering DHS and DCF programs
- DCF is developing its own version. In the meantime, use the DHS version.
- Is available online at:

[http://www.dhs.wisconsin.gov/grants/
Administration/FMM/FMMTOC.htm](http://www.dhs.wisconsin.gov/grants/Administration/FMM/FMMTOC.htm)

Allowable Cost Policy Manual

- Provides guidance for charging costs to grants and contracts
- Incorporates federal cost principles by reference (OMB Circulars A-87, A-122, A-21 and 48 CFR Part 31), which provide much more detailed guidance
- Purpose is to ensure that programs bear their fair share
- DHS Manual contains general guidance while the DCF Manual is more DCF specific

ACPM Sections

■ General Guidance

- Necessary and reasonable
- Cost allocations
- Related party transactions

■ Federal Cost Principles

- OMB Circulars, etc.

■ Specific Guidance

- Audit expense
- Bad debts
- Advertising
- Equipment

ACPM Sections

■ Specific Guidance

- Reserves – major difference between DHS and DCF Manual
 - Per Wis Stat 46.036 for DHS funding, the accumulation and retention of reserves by any organization for which reserves are an allowable cost are limited to 5% of the revenue received under the contract for any particular contract period and 10% of the revenue received under the contract for the amount accumulated from all contract periods.
 - Per DCF Manual, the 5% annual limit is eliminated and the 10% cumulative limit may be waived on a case by case basis.

ACPM Suggestions

- Use the correct manual for your program(s)
- Be aware of contract requirements or limitations
- Refer to federal principles for further guidance
- Is available online
- When in doubt, ask first!

ACPM Online

- For DHS-funded programs, the manual is Chapter B3 of FMM, also stand-alone for use with providers, available online at:

[http://www.dhs.wisconsin.gov/grants/
Administration/AllowableCost/ACPM.htm](http://www.dhs.wisconsin.gov/grants/Administration/AllowableCost/ACPM.htm)

- For DCF-funded programs, the manual is available online at:

[http://dcf.wisconsin.gov/contractsgrants/pdf/
allowable_cost_manual.pdf](http://dcf.wisconsin.gov/contractsgrants/pdf/allowable_cost_manual.pdf)

Audits

- Audits of Counties
- Audits of Providers
- Waivers
- Mandate Relief Waivers
- Audits by DCF

County Audits

- Due on September 30th
- All counties need to have an A-133 audit
- SSAG and Appendix provide guidance
- Need to differentiate between DHS/DCF requirements

Common Findings

- Lack of segregation of duties
- Failure to appropriately monitor provider audits
- Non-compliance with laws or contracts
- Allowable cost issues

County's Audit Role

- Identify audit requirements for your providers
- Determine auditor qualifications
- Provide information auditors need to plan and perform audits
- Collect and review audit reports; act on audit findings

Identify Audit Requirements

■ Based on level of funding

- Less than \$25,000 – no audit necessary, unless required by contract or law
- \$25,000 - \$500,000 – Audit in accordance with PAAG (DCF) or DHS Audit Guide
 - Waiver is possible
- Over \$500,000 in federal awards – Audit in accordance with OMB Circular A-133 and SSAG (DCF) or A-133 and DHS Audit Guide
 - Applies if agency is nonprofit, state or local government
 - May be direct from the federal government or pass thru
 - Waiver is not possible

Provider Audit Requirement

- \$25,000 - \$500,000
 - No distinction between federal or state funding
 - No distinction between funding that agency gets directly from dept or passed through another agency, such as a county
 - No distinction between vendor and subrecipient
 - Counties may obtain mandate relief waiver

Case by Case Waivers

- Waiver is possible for low risk situation, but no waiver for audits that are required under federal law or for audits of GHs and RCCs needed to support claims for federal funds
- Purchaser performs risk assessment to decide whether waiving the audit makes sense
- DCF & DHS Area Administration staff approve individual waivers involving dept funds

Mandate Relief Waivers

- Applied for through Department of Revenue
- Increases threshold limit from \$25,000 to either \$75,000 or \$100,000
- Effective 2011, agencies must request waivers or waiver renewals from both DCF & DHS
 - New requests – cite both statutes in the request
 - Renewals – request waiver from both agencies
- DHS waivers no longer cover DCF funding

State of Wisconsin
Department of Revenue

Print

Clear

Local Appeals for Exemption from State Mandates Criteria

In accordance with Wisconsin Statutes 66.0143

Click in Co-Mun Code field to start typing.
You can tab to navigate throughout form.

Co-Mun Code	Contact Person	Title	Phone ()
<input type="checkbox"/> Town <input type="checkbox"/> Village <input type="checkbox"/> City <input type="checkbox"/> County	Municipality		County

The Wisconsin Department of Revenue (DOR) will use the following general criteria in evaluating s. 66.0143 Local appeals for exemption from state mandates. DOR will request additional information from political subdivisions, as needed, to make informed decisions regarding unique circumstances and individual situations in which informational needs cannot be fully anticipated in advance.

Please arrange and submit the information regarding each request in the order prescribed below:

1. State law (statute reference) state mandate waiver request refers to: 46.036; 49.34(4)(c)

For items 2-6, entry is limited to 2 or 3 lines of text.

2. Provide a description of the reason for the waiver request. (Use additional sheets, if needed.)

3. Describe how the waiver will enhance the efficiency and effectiveness of municipal or county operations.

Audit Standards

- These standards are in three documents
 - *State Single Audit Guidelines*
 - Applies to DHS and DCF funding at counties and other local governments that need audits required by Federal Single Audit Act/OMB Circular A-133
 - *SSAG DCF Appendix and DHS Audit Guide*
 - Yearly update to be used in conjunction with SSAG.
 - *Provider Agency Audit Guide*
 - Applies to DCF funding for all other agencies that need to have audits - nonprofits, for profits, and those local governments that do not need federal audits

Identify Audit Requirements

- Audit might be a condition of license
 - Group Homes and Residential Care Centers that provide residential care for kids
- Audit might be a condition of contract
 - Contract might require audit even if federal or state law and regulations do not
- Audit is often good business practice and agency might have audit anyway

Determine Auditor Qualifications

- Certified Public Accountant licensed by State of Wisconsin
 - Look up license at the Dept of Safety and Professional Services's website (drl.wi.gov)
- Independent of agency
- Meet Yellow Book standards
- Must have had a peer review in the last 3 three years
 - Make sure it is a positive review – a rating of “pass”
 - You can request a copy of the peer review report, and auditor must provide it to you


To Verify a License

Wisconsin DRL - Credential Lookup - Organization Credential Search - Windows Internet Explorer

http://www.drl.wi.gov/credentiallookup/organizationcredentialsearch.aspx

Wisconsin Department of Safety and Professional Services
Web Applications

[Login](#)
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Search for Firm Credential Holders

Selection options:

1. Select a profession and a credential number.
2. Select a profession and enter a firm name or a partial firm name.

Search tips:

1. The profession (credential type) is the numbers after the dash of your full credential number.
2. The license number is the numbers before the dash of your full credential number.

* Indicates required fields.

Profession: Accounting Firm (3)

License number: -

Firm name: Schenck

[Multiple credential search](#)

Consistent with JCAHO and NCOA standards for primary source verification.
Data on this page is refreshed hourly.

[Send Questions or Comments to: dpsps@wisconsin.gov](mailto:dpsps@wisconsin.gov)

Trusted sites 100%

Verification Results

Wisconsin DRL - Credential Lookup - Credential Summary Details - Windows Internet Explorer

http://online.dfs.wis.gov/credentials/lookup/CredentialSummaryDetails.aspx?id=225-3

File Edit View Favorites Tools Help


Convert Select

Favorites

http://www.cde.ca.gov/fgo... Schenck SC | CPAs and so on... Wisconsin DRL - Credential... |

Wisconsin Department of Safety and Professional Services
Web Applications

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Wisconsin Credential Lookup
Credential Summary - Details

Credential Summary for 225-3

Name:	SCHENCK SC
Credential Type:	Accounting Firm (3)
Credential Number:	225-3
Location:	APPLETON, WI
License Type:	regular
Status:	credential license is current (active)
Eligible To Practice:	credential license is current
First Fee Received:	NO

Details Requirements Payments Orders Relationships
Details

License current through:	12/14/2011
Granted date:	01/01/1963
Multi-state:	N/A
Orders:	NONE
Specialties:	NONE
Other Names:	Schenck SC

Consistent with JCAHO and NCQA standards for primary source verification.
Data on this page is refreshed hourly.

[Send Questions or Comments to \[dsp@wisconsin.gov\]\(mailto:dsp@wisconsin.gov\)](#)

Done Trusted sites 100%

Provide Information to Auditors

■ Why?

- Necessary to form an opinion on the financial statements

■ County as the auditee

- Auditors may obtain evidence using various techniques: Observation, Confirmation, Calculation, Analysis, Inquiry, Inspection, Comparison

■ County as the purchaser

- Auditors may request
 - Contracts
 - Confirmations (Outside, third-party documentation is the most reliable)
 - Source of funding, and identifying number

Provide Information to Auditors

- Confirmation from the Purchaser
 - Provides evidence in determining whether OMB Circular A-133 applies
 - Provides evidence supporting the auditee's identification of federal awards expended under a grant
 - Provides evidence of the amount of revenue that should appear in the financial statements and schedule of federal and state awards

Collect and Review Audit Reports

- Have a tracking system that captures:
 - Audits expected
 - Waivers granted
 - Agency info
 - Type of audit required
 - Auditor info
 - Date audit was submitted
 - Efforts to collect reports
 - Extensions granted
 - Is package complete?
 - Concerns
 - Resolution of findings
 - Follow-up
- Use a method that works for you
 - Excel spreadsheet
 - Database
 - Paper form
- County auditors will review this

Collect and Review Audit Reports

- Perform desk review
 - Does report reflect applicable standards?
 - Is the agency in good financial condition?
 - Does the report show issues affecting your programs?
 - If yes, how will you resolve those issues?
- For additional guidance, see Ch. 4 of the *Provider Agency Audit Guide* and “Reviewing and Resolving Audit Reports”

Common Findings/Issues

- Lack of segregation of duties
- Non-compliance with laws, regulations or program requirements
- Allowable cost issues
- Excess reserves
- Going concern issues
- Related party transactions

Act on Audit Findings

■ Options Available

- Do nothing, i.e. issue is inconsequential
- Require agency to repay inappropriately used funds
- Accept agency's corrective action plan
- Require a more detailed corrective action plan
- Withhold money to encourage corrective action
- Increase monitoring, including going on-site
- Require additional reporting
- Provide technical assistance
- Clarify program requirements/instructions

Audit Reports to DCF & DHS

- We encourage electronic submission

DCFAuditors@wisconsin.gov

DHSAuditors@wisconsin.gov

- Hard copies of reports can be mailed to:

DCF Auditors
Department of Children & Families
PO. Box 8916
Madison, WI 53708-8916

DHS Auditors
Department of Health Services
P.O. Box 7850
Madison, WI 53707-7850

What Lies Ahead?

■ Manual Revisions

- Financial Management Manual
- Reviewing and Resolving Audit Reports

■ DCF On-site Audits

- Counties and providers

■ Electronic Contracts

- <http://dcf.wisconsin.gov/contractsgrants/default.htm>

Web Resources

The screenshot shows the homepage of the Wisconsin Department of Children & Families. The header features the department's logo with five stars and the text "wisconsin department of children & families". A search bar with a "GO" button is in the top right. A navigation bar below the header contains links: "Find Child Care", "Report Child Care Fraud", "Become a Foster Parent", and "Report Child Abuse". Below this is a secondary navigation bar with links: "Home", "About Us", "Family Resources", "Reports & Data", "Press Room", "Partner Resources", and a search bar with the text "I want info on..." and a "GO" button. The main content area shows a breadcrumb trail: "Home > Grants and Contracts > Contract Administration". The section title is "Grants and Contracts Administration". The text describes the Department's role in administering programs through grants and contracts. Below this is a section titled "Financial Policies" which states that the Department is developing and updating financial policies. A sub-section titled "Equipment" is partially visible. At the bottom right, there is a "Trusted sites" link with a green checkmark icon.

Search GO

wisconsin department of
children & families

Find Child Care Report Child Care Fraud Become a Foster Parent Report Child Abuse

Home · About Us · Family Resources · Reports & Data · Press Room · Partner Resources · I want info on... GO

Home > Grants and Contracts > Contract Administration

Grants and Contracts Administration

The Department of Children and Families (DCF) administers its programs through grants and contracts with counties, tribes, non-profit organizations and for-profit agencies. Those who have been entrusted with Department funds are required to follow the Department's statutes, policies, manuals and guides, as well as guidance issued by the federal government relating to financial management, allowable costs and audits.

The information presented here is designed to help agencies and auditors fulfill the requirements associated with governmental funding.

Financial Policies

DCF is developing and updating financial policies related to its grants and contracts. The provisions of previous policies that may have been issued by DWD or DHFS related to current DCF programs remain in effect until the policy is updated and posted below.

- Equipment

Trusted sites

Web Resources



WISCONSIN DEPARTMENT
OF HEALTH SERVICES



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Grants Home

Department
Audit
Requirements

Federal Audit
Requirements

Allowable Cost

Policy &
Guidance
Publications

- ACPM

- FMM

- SSAG

- DHS Audit
Guide & PAAG

Administering & Auditing Government Funding

The Department of Health Services (DHS) contracts with counties, tribes, school districts, boards, and a number of non-profit organizations for the administration of the department's programs. These contracts require these agencies to follow the department's administration and auditing requirements in the Financial Management Manual. Audits of these agencies and department programs are to be conducted by certified public accountants and accounting firms in accordance with federal and state audit requirements.

This web site provides information for agencies and auditors on DHS requirements for administering and auditing government funding.

Contract Administration

- [Financial Management Manual](#)
- [Grant Administration Requirements](#)
- [Allowable Cost](#)
- [Other Contract Administration Resources](#)

Auditing Government Funding

- [Department Audit Requirements](#)

Local intranet

100%

Contact Information

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Websites:

www.dcf.wisconsin.gov/contractsgrants/contract_administration

www.dhs.wisconsin.gov/grants/

Questions???

Thank You!!!